

Message Text

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TO AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS:PFOR, OCON/BE

SUBJECT: GUIDANCE FOR THE UNITED STATES DELEGATION TO THE
47TH SESSION OF THE FINANCE COMMITTEE OF THE CUSTOMS COOP-
ERATION COUNCIL OPENING AT BRUSSELS, BELGIUM, APRIL 12, 1976

ADOPTION OF THE AGENDA:

U.S. POSITION: THE DELEGATION MAY SUPPORT ADOPTIO; OF THE
DRAFT AGENDA AS SET FORTH IN DOCUMENT 22.248.

AGENDA ITEM I: STATEMENT BY THE CHAIRMAN

MR. G.R. DICKERSON (UNITED STATES) WILL SERVE AS CHAIRMAN
OF THE 47TH SESSION OF THE FINANCE COMMITTEE.

AGENDA ITEM II: ACCOUNTS: ACCOUNTS FOR THE FINANCIAL YEAR
JULY 1974 TO JUNE 30, 1975; AUDITORS' REPORT (FINANCIAL
RULE 14(B))

FINANCIAL RULE 14(B) PROVIDES THAT THE AUDITORS SHALL SUBMIT
THEIR REPORT NOT LATER THAN MARCH 15 IMMEDIATELY FOLLOWING
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THE END OF THE FINANCIAL YEAR TO WHICH THE ACCOUNTS RELATE.
THE BALANCE SHEET AND THE ACCOUNTS HAVE BEEN VERIFIED. NO
DEFICIENCIES OR DEFECTS IN THE ACCOUNTS WERE REPORTED.

U.S. POSITION: THE AUDITORS' REPORT ON THE ACCOUNTS IS SUBMITTED PRO FORMA AND IS GENERALLY RECEIVED AND APPROVED BY THE COMMITTEE WITH LITTLE IF ANY DELIBERATION. THE DELEGATION MAY PARTICIPATE IN ANY DISCUSSIONS ON THE SUBJECT AND BE GUIDED BY ITS OWN EXPERTISE.

AGENDA ITEM III: FINANCIAL AND ACCOUNTING QUESTIONS RELATING TO THE PRESENT FINANCIAL YEAR

AGENDA ITEM III(A): RECEIPT OF CONTRIBUTIONS, ADVANCES TO THE WORKING CAPITAL FUND AND LOANS TO THE TEMPORARY FUND (FINANCIAL RULE 5(G))

FINANCIAL RULE 5(G) REQUIRES THAT THE SECRETARY GENERAL SUBMIT TO EACH SESSION OF THE COUNCIL A REPORT ON THE COLLECTION OF CONTRIBUTIONS AND ADVANCES TO THE WORKING CAPITAL FUND. THE COMMITTEE WILL BE ASKED TO APPROVE THE REPORT OF THE SECRETARY GENERAL. SINCE THE START OF THE PRESENT FINANCIAL YEAR, THE CONGO, SIERRA LEONE, AND SINGAPORE HAVE ACCEDED TO THE COUNCIL CONVENTION AND IN EACH CASE A PROVISIONAL RATE OF CONTRIBUTION HAS BEEN FIXED AT THE MINIMUM 0.20 PERCENT.

U.S. POSITION: THE DELEGATION SHOULD BE GUIDED BY ITS OWN EXPERTISE IN DISCUSSING AND ACCEPTING THE REPORT. NO DIFFICULTIES ARE ANTICIPATED SINCE THIS IS AN HISTORICAL REPORT AND IS ORDINARILY ACCEPTED BY THE COMMITTEE WITH LITTLE DISCUSSION.

AGENDA ITEM III(B): COUNCIL PUBLICATIONS

THE COMMITTEE WILL BE ASKED TO REVIEW AND APPROVE A REPORT COVERING THE SALES AND STOCKS OF PUBLICATIONS.

U.S. POSITION: THE DELEGATION SHOULD BE GUIDED BY ITS OWN JUDGMENT AND EXPERTISE IN ANY DISCUSSION ON THIS ITEM. THE DELEGATION SHOULD ENCOURAGE THE SECRETARIAT TO MAKE UNCLASSIFIED

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EVERY EFFORT TO CONTROL PUBLICATION COSTS TO ENSURE THE MINIMUM PRICE TO THE MEMBERS.

AGENDA ITEM III(C): APPROPRIATIONS FOR THE FINANCIAL YEAR 1975/76: POSITION AT FEBRUARY 29, 1976 AND FORECAST TO JUNE 30, 1976

THIS AGENDA ITEM CONCERNS THE STATE OF APPROPRIATIONS AS OF FEBRUARY 29, 1976 FOR 1975/76 AS COMPARED TO THE AMOUNT BUDGETED. IN ADDITION, THE ITEM INCLUDES A FORECAST OF

THE FINANCIAL SITUATION AT THE END OF THE PRESENT FISCAL YEAR BASED ON PROJECTED APPROPRIATIONS.

THE SECRETARY GENERAL PREDICTS A FISCAL BUDGET SURPLUS OF BF 4,079,000 FOR 1975/76. THIS BUDGET SURPLUS IS DERIVED MAINLY FROM THE DELAYS IN THE APPOINTMENT OF TWO TECHNICAL OFFICERS, AN OVER-ESTIMATION OF BLOCKED APPROPRIATIONS IN CHAPTERS I (STAFF EXPENSES) AND II (FAMILY ALLOWANCES AND OTHER STAFF EXPENSES), THE CANCELLATION OF A PROJECTED MISSION TO BUENOS AIRES, REDUCED EXPENSES FOR OFFICERS ON ASSESSMENT, AND SAVINGS ON HOME LEAVE TRAVEL AND REMOVALS.

EXCESS INCOME HAS BEEN GENERATED BY THE ACCESSION OF THREE NEW MEMBERS DURING 1975/76. HOWEVER EARNINGS FROM INTEREST OF BANK DEPOSITS WILL BE APPROXIMATELY BF 250,000 LESS THAN PLANNED.

U.S. POSITION: THE DELEGATION SHOULD HAVE THE SECRETARIAT CLARIFY THE REASONS FOR ANY SIGNIFICANT DEVIATIONS IN THE APPROPRIATIONS FROM THE BUDGET APPROVED FOR 1975/76 IF SO INDICATED. IN ANY OTHER DISCUSSIONS CONCERNING THIS ITEM, THE DELEGATION SHOULD BE GUIDED BY ITS OWN JUDGMENT AND EXPERTISE.

AGENDA ITEM IV: GENERAL POLICY QUESTIONS

AGENDA ITEM IV(A): COUNCIL HEADQUARTERS PREMISES

AT THE SPECIAL SESSION OF THE FINANCE COMMITTEE HELD ON UNCLASSIFIED

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FEBRUARY 25-27, 1976, THE AD HOC WORKING PARTY ON THE COUNCIL PREMISES PRESENTED ITS REPORT ON THE QUESTION OF THE FUTURE PREMISES OF THE COUNCIL. THE WORKING PARTY WITH THE ASSISTANCE OF THE PROPERTY EXPERTS GROUP DETERMINE ON THE BASIS OF A DETAILED INSPECTION OF THE BUILDINGS NOW OCCUPIED THAT THE EXISTING PREMISES WERE NO LONGER SATISFACTORY FOR THE COUNCIL'S PRESENT NEEDS AND ACTIVITIES AND WILL BE TOTALLY INADEQUATE IN THE FUTURE. THEY FURTHER CONCLUDED THAT THE LONG TERM SOLUTION CAN BE FOUND ONLY IN A BUILDING SPECIALLY DESIGNED TO MEET THE COUNCIL'S REQUIREMENTS. IT WAS RECOMMENDED THAT THE PROPERTY EXPERTS, ASSISTED BY THE SECRETARIAT, MAKE A SEARCH FOR SUITABLE SITES, EXPLORING ANY POSSIBILITIES THAT MIGHT BE AFFORDED BY THE BELGIAN AUTHORITIES OR THE PRIVATE PROPERTY MARKET.

IN THE COURSE OF ITS SESSION THE FINANCE COMMITTEE WAS ADVISED BY THE DELEGATE OF AUSTRIA THAT THERE HAD BEEN A RECENT EXCHANGE OF CORRESPONDENCE BETWEEN THE BELGIAN AND AUSTRIAN GOVERNMENTS CONCERNING A RELOCATION OF THE COUNCIL TO VIENNA. THE NATURE OF THIS CORRESPONDENCE WAS NOT DISCLOSED.

THE U.S. DELEGATION RESPONDED TO THIS INTERVENTION TO TAKE ISSUE WITH THE REPORTED NECESSITY OF OBTAINING A FACILITY BUILT TO THE COUNCIL'S SPECIFICATIONS IN VIEW OF THE RECOGNIZED SURPLUS OF COMMERCIAL BUILDINGS IN BRUSSELS, NOTING THE FACT THAT THE PREVIOUSLY REPORTED OFFER OF THE BELGIAN GOVERNMENT TO PROVIDE FREE LAND WOULD OBVIOUSLY AFFECT THE SITE LOCATION AND THAT THE AS YET UNKNOWN CORRESPONDENCE BETWEEN THE BELGIAN AND AUSTRIAN GOVERNMENTS WOULD HAVE TO BE FULLY DISCLOSED. THE FINANCE COMMITTEE CONCLUDED THAT THE EMPHASIS SHOULD BE PLACED ON A RESUMPTION OF CONTACTS BETWEEN THE SPECIAL COMMISSION (SECRETARY GENERAL, CHAIRMAN OF FINANCE COMMITTEE, AND REPRESENTATIVE OF FRANCE) AND THE BELGIAN AUTHORITIES WITH A VIEW TO DETERMINING THE PRECISE INTENTIONS OF THE LATTER NOW THAT THE REQUIREMENTS WITH REGARD TO FLOOR SPACE, FACILITIES AND THE ESTIMATED COSTS HAD BEEN ESTABLISHED.

AT THE SAME TIME, HOWEVER, THE COMMITTEE CONCLUDED THAT THERE WOULD BE NO POINT IN PROCEEDING WITH THEIR EXAMINATION
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OF THE PROBLEM UNTIL THEY RECEIVED THE SPECIAL COMMISSION'S REPORT AND HAD LEARNED THE RESULTS OF THE FINANCIAL IMPLICATIONS OF THE VARIOUS SOLUTIONS ENVISAGED.

THE APRIL 1, 1976, REPORT BY THE PROPERTY EXPERTS GROUP, CONTAINED IN DOCUMENT 22.310, STATES THAT A SEARCH BY THE SECRETARIAT IN COLLABORATION WITH THE LOCAL BELIGAN OFFICIALS AND THE PRIVATE SECTOR PRODUCED INFORMATION CONCERNING 17 POSSIBLE SITES. FOURTEEN OF THESE LOCATIONS, WHICH INCLUDED COMMERCIAL BUILDINGS, WERE REJECTED FOR REASONS SUCH AS SIZE, LOCATION, OR POOR BUILDING CONFIGURATION. WHILE RECOGNIZING THAT THERE IS AN OVERSUPPLY OF COMMERCIAL OFFICE SPACE ON THE MARKET IN BRUSSELS, THE GROUP DETERMINED THAT NONE OF THE EXISTING OR PLANNED LOCATIONS CONSIDERED MET THE REQUIREMENTS OF THE COUNCIL, PRIMARILY WITH RESPECT TO CONFERENCE AND PUBLIC AREAS WHICH COMPRISE IN EXCESS OF ONE-THIRD OF THE TOTAL BUILDING AREA.

IN THE COURSE OF THEIR DELIBERATIONS THE PROPERTY EXPERTS LEARNED THAT THE BELGIAN GOVERNMENT IS CONSIDERING THE POSSIBILITY OF MAKING THE SITE ON RUE DU MAGISTRAT,

LOCATED BEHIND THE PRESENT HEADQUARTERS, AVAILABLE TO THE COUNCIL. ON COMPLETING THEIR INSPECTION OF THE REMAINING LOCATIONS THE GROUP CONCLUDED THAT THE MAGISTRAT SITE WOULD BEST MEET THE COUNCIL'S REQUIREMENTS AND RECOMMENDED THAT THIS POSSIBILITY BE PURSUED WITH THE OBJECT OF ASCERTAINING AS QUICKLY AS POSSIBLE THE TERMS ON WHICH THE SITE WILL BE OFFERED TO THE COUNCIL. THE GROUP FURTHER CONCLUDED THAT THE REMAINING TWO SITES, ALTHOUGH NOT AS DESIRABLE, COULD BE ADAPTED TO MEET THE COUNCIL'S NEEDS.

MEETINGS BETWEEN THE SPECIAL COMMISSION AND REPRESENTATIVES OF THE BELGIAN GOVERNMENT WERE TENTATIVELY SCHEDULED FOR APRIL 7-9 PRECEDING THE FORTHCOMING SESSION OF THE FINANCE COMMITTEE. HOWEVER, THE U.S. NOW UNDERSTANDS THAT ALTHOUGH THE SECRETARY GENERAL RECENTLY MET WITH BELGIAN AUTHORITIES CONCERNING THE NEW COUNCIL PREMISES, ARRANGEMENTS HAVE NOT YET BEEN MADE FOR A MEETING BETWEEN THE SPECIAL COMMISSION

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AND THE BELGIAN GOVERNMENT. IN THE LIGHT OF THESE DEVELOPMENTS, OUR EMBASSY IN BRUSSELS WAS REQUESTED BY CABLE TO CONTACT THE SECRETARY GENERAL TO ARRANGE APPROPRIATE APPOINTMENTS FOR THE COMMISSION EARLY IN THE WEEK OF APRIL 12-16.

U.S. POSITION: IN VIEW OF THE FINDINGS OF THE PROPERTY EXPERTS WITH REGARD TO THE LACK OF EXISTING OR PLANNED LOCATIONS WHICH CAN BE ALTERED TO MEET THE REQUIREMENTS OF THE COUNCIL, AND CONSIDERING FURTHER THE ADVANTAGES OFFERED BY THE SITE ON RUE DU MAGISTRAT, THE DELEGATION SHOULD SUPPORT A MEETING BETWEEN THE SPECIAL COMMISSION AND THE BELGIAN AUTHORITIES WITH A VIEW TO ASCERTAINING WHETHER THE RUE MAGISTRAT SITE WILL BE MADE AVAILABLE TO THE COUNCIL AND IF SO, UNDER WHAT CONDITIONS. THE COMMISSION SHOULD ALSO INQUIRE AS TO WHAT FORM OF FINANCIAL ASSISTANCE THE BELGIAN GOVERNMENT IS PREPARED TO OFFER WITH REGARD TO THE TWO ALTERNATIVE SITES PROPOSED BY THE PROPERTY EXPERTS. HOWEVER, THE DELEGATION SHOULD URGE THE COMMITTEE TO DELAY A FINAL DECISION WITH RESPECT TO THE SITE FOR THE HEADQUARTERS PREMISES AND THE METHOD OF FINANCING UNTIL SUCH TIME AS ALL OF THE MEMBER COUNTRIES HAVE BEEN AFFORDED AN OPPORTUNITY TO REVIEW THE OUTCOME OF THE DISCUSSIONS WITH THE BELGIAN GOVERNMENT.

AGENDA ITEM IV(B): INVESTMENT POLICY

COUNCIL DECISION NO. 200 IN JULY 1974 CONVERTED THE FORMER PROVIDENT FUND INTO A RESERVE FUND OF THE COUNCIL TO BE INVESTED AND MANAGED BY THE SECRETARY GENERAL IN ACCORDANCE

WITH THE COUNCIL DIRECTIVES. THE FINANCE COMMITTEE SUGGESTED AT ITS 44TH/45TH SESSIONS THAT THE FUNDS SHOULD BE DEPOSITED IN A SECURE FINANCIAL INSTITUTION WHERE THEY WOULD YIELD A REASONABLE INTEREST AND THAT OPERATIONS OF A SPECULATIVE NATURE BE AVOIDED.

THE DELEGATION SHOULD SUGGEST THAT THE ADVICE OF A PROFESSIONAL FINANCIAL CONSULTANT BE OBTAINED TO PROVIDE GUIDANCE AS TO THE INVESTMENT OF AVAILABLE FUNDS. MR. DICKERSON, AS CHAIRMAN OF THE FINANCE COMMITTEE, HAS

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STATED IN A TELEX TO THE SECRETARY GENERAL THAT IT WOULD BE INAPPROPRIATE FOR HIM TO OFFER ANY RECOMMENDATIONS AS TO INVESTMENT. IN VIEW OF THE RISK OF MONETARY EROSION AND THE MANAGEMENT PROBLEMS INHERENT IN A FUND OF APPROXIMATELY BF 81 MILLION, PROFESSIONAL FINANCIAL ADVICE IS NECESSARY PRIOR TO ANY INVESTMENT ACTION OF A LONG TERM NATURE.

THE DELEGATION SHOULD ONCE AGAIN STATE THE OPPOSITION OF THE UNITED STATES TO THE USE OF THE RESERVE FUND ASSETS FOR THE ACQUISITION, CONSTRUCTION, OR RENTAL OF PROPERTY.

AGENDA ITEM V: PERSONNEL QUESTIONS

AGENDA ITEM V(A): ADJUSTMENT OF EMOLUMENTS

THE EUROPEAN COMMUNITIES CURRENTLY SERVES AS THE REFERENCE ORGANIZATION FOR THE COUNCIL FOR THE ADJUSTMENT OF EMOLUMENTS. AT ITS 45TH SESSION THE FINANCE COMMITTEE ANNOUNCED ITS DECISION NOT TO CONSIDER ANY FURTHER ADJUSTMENTS IN PAY SCALES OR ALLOWANCES WITH THE EXCEPTION OF THE COST OF LIVING ADJUSTMENTS PAID UNDER STAFF RULE 15. THIS DECISION WAS REVERSED HOWEVER AT THE 46TH SESSION OF THE FINANCE COMMITTEE IN FEBRUARY 1976. THE COMMITTEE DECIDED TO FORM A SMALL GROUP OF PERSONS KNOWLEDGEABLE IN THE FIELD OF BOTH NATIONAL AND INTERNATIONAL SALARY STRUCTURES. THE UNITED STATES, GERMANY, FRANCE AND THE UNITED KINGDOM TENTATIVELY AGREED TO FURNISH QUALIFIED REPRESENTATIVES FOR THIS GROUP WHICH WOULD MEET PROBABLY IN MAY 1976. FOR THE PRESENT THE EEC WOULD CONTINUE TO BE THE REFERENCE ORGANIZATION FOR THE ESTABLISHMENT OF ALL EMOLUMENTS WITHIN THE COUNCIL, ALTHOUGH THE COMMITTEE INDICATED THAT ANY ADJUSTMENTS WOULD NOT BE "AUTOMATIC."

THE SECRETARY GENERAL HAS PROPOSED THAT THE COST OF LIVING ALLOWANCE BE INCREASED 5 PERCENT TO 48.7 PERCENT WITH EFFECT FROM JULY 1, 1975 TO CORRESPOND WITH THE EEC. IN ADDITION, THE SECRETARY GENERAL REPORTS THAT THE EEC

WEIGHING FACTOR WILL PROBABLY BE ADJUSTED AGAIN BY ABOUT 6 PERCENT WITH EFFECT FROM JANUARY 1, 1976. HE PROPOSES THAT HE BE AUTHORIZED, IN CONSULTATION WITH THE CHAIRMAN

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OF THE FINANCE COMMITTEE, TO ADJUST THE COST OF LIVING ALLOWANCE IN LIGHT OF WHATEVER DECISION MAY BE TAKEN IN THE EUROPEAN COMMUNITIES. THE AMOUNTS OF THESE TWO MEASURES COULD BE MET BY THE RELEASE OF BLOCKED APPROPRIATIONS.

U.S. POSITION: THE DELEGATION SHOULD STATE ITS CONCERN WITH THE RAPID ESCALATION OF THE COST OF LIVING ALLOWANCE AND ITS RETROACTIVE APPLICATION. HOWEVER, PENDING THE OUTCOME OF THE STUDY OF OTHER COMPENSATION SYSTEMS AND REFERENCE ORGANIZATIONS, THE SECRETARY GENERAL SHOULD BE AUTHORIZED TO MAKE THE PROPOSED ADJUSTMENT SUBJECT TO THE CONCURRENCE OF THE CHAIRMAN OF THE FINANCE COMMITTEE. THE DELEGATION SHOULD THUS SUPPORT THE NECESSARY AUTHORIZATION TO THE SECRETARY GENERAL.

AGENDA ITEM V(B): AMENDMENTS TO THE STAFF RULES

NO DOCUMENTATION HAS BEEN RECEIVED CONCERNING PROPOSED AMENDMENTS TO THE STAFF RULES.

U.S. POSITION: THE DELEGATION SHOULD PARTICIPATE FULLY IN ANY DISCUSSION WHICH MAY ARISE UNDER THESE ITEMS ALTHOUGH NONE CAN BE ANTICIPATED. NO DECISION SHOULD BE TAKEN ON ANY NEW MATTERS HAVING SERIOUS FINANCIAL IMPLICATIONS PENDING REVIEW OF THE SUBJECT BY THIS ADMINISTRATION.

AGENDA ITEM V(C): SPECIAL CASES ARISING UNDER THE STAFF RULES, AND EXCEPTIONAL DEOGATIONS FROM THE RULES

DOCUMENTATION HAS BEEN RECEIVED INVOLVING TWO SPECIAL CASES ARISING UNDER THE STAFF RULES. THE FIRST CASE INVOLVED AN EXPATRIATED OFFICER OF THE SECRETARIAT WHO WISHED TO PLACE HIS SON IN THE BRITISH SCHOOL IN BRUSSELS AND APPLIED FOR THE EXCEPTIONAL ADDITIONAL EDUCATION ALLOWANCE PROVIDED FOR UNDER STAFF RULE 18(B). THE SECRETARY GENERAL SOUGHT AND RECEIVED THE CONCURRENCE OF THE CHAIRMAN OF THE FINANCE COMMITTEE TO APPROVE THE PAYMENT OF THE ALLOWANCE WITH THE UNDERSTANDING THAT THE MATTER WOULD BE REPORTED TO THE FINANCE COMMITTEE AT THE EARLIEST OPPORTUNITY. HOWEVER, THE OFFICER DECIDED TO MAKE OTHER SCHOOL ARRANGE-
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MENTS AFTER THE FIRST TERM WHICH DO NOT JUSTIFY THE PAYMENT OF THE EXCEPTIONAL ALLOWANCE.

THE SECOND CASE INVOLVES AN APPOINTMENT OF A CONSELLOR TO A DEPUTY DIRECTOR POST IN THE SAME DIRECTORATE ON MAY 1, 1976. SINCE THE OFFICER REACHES RETIREMENT AGE IN NOVEMBER 1976, AND HAS BEEN AT THE MAXIMUM OF HIS GRADE SINCE JANUARY 1972, IT IS PROPOSED TO GIVE AN ADDITIONAL INCREMENT ON PROMOTION UNDER THE PROVISIONS OF STAFF RULE 8(C).

U.S. POSITION: THE DELEGATION SHOULD PARTICIPATE IN ANY DISCUSSION OF ITEMS UNDER THIS AGENDA ITEM. THE FIRST CASE DISCUSSED IS NOW MOOT AND NO POSITION IS REQUIRED. IN THE SECOND CASE INVOLVING THE PROPOSED ADDITIONAL INCREMENT UNDER THE PROVISIONS OF STAFF RULE 8(C) THE

DELEGATION MAY SUPPORT THE SECRETARY GENERAL'S PROPOSAL
IN VIEW OF LONG AND MERITORIOUS SERVICE OF THE OFFICER
WITH THE SECRETARIAT.

AGENDA ITEM VI: BUDGET ESTIMATES FOR THE FINANCIAL YEAR
1976/77; PRELIMINARY FORECASTS FOR THE YEARS 1977/78 -
1979/80

THE ESTIMATED OVERALL INCREASE IN EXPENDITURES FOR FINAN-
CIAL YEAR 1976/77 IS BF 138L07,000 WHICH IS AN INCREASE
OF 10 PERCENT OVER THE 1975/76 EXPENDITURES. THIS FIGURE
COMPARES FAVORABLY WITH THE 13.4 PERCENT INCREASE IN THE
1975/76 BUDGET OVER THE 1974/75 BUDGET. IT IS A DEFINITE
INDICATION THAT THE COUNCIL IS CAREFULLY REVIEWING
EXPENDITURES TO REDUCE THEM TO THE LOWEST POSSIBLE LEVEL.

THE MAJOR NEW ITEMS OF EXPENDITURES FOR 1976/77 ARE BROUGHT
ABOUT BY AN ALLOTMENT OF FUNDS FOR ADMINISTRATION OF THE
CONTAINER CONVENTION, A PROVISION FOR EXPENDITURES IN
CONNECTION WITH THE 25TH ANNIVERSARY OF THE COUNCIL AND A
PROPOSED APPROPRIATION TO COVER EXPENSES IF THE COUNCIL
DECIDES TO HOLD ITS 1977 SESSION IN NAIROBI.

THE GREATEST INCREASE (BF 9,978,000) IN THE 1976/77 BUDGET
COMES IN THE AREA OF SALARIES AND GENERAL EXPENSES.
BLOCKED APPROPRIATIONS HAVE BEEN INCLUDED TO MEET THE COST
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OF NEW COST OF LIVING INCREASES.

ONE AREA OF POSSIBLE ADDITIONAL EXPENDITURE WHICH HAS NOT
BEEN TAKEN INTO CONSIDERATION IN THE 1976/77 BUDGET IS IN
MATERIAL AND MANPOWER REQUIREMENTS IN CONNECTION WITH
CUSTOM ENFORCEMENT. IN PARTICULAR, THE PREPARATION OF A
DRAFT INTERNATIONAL CONVENTION ON MUTUAL ADMINISTRATIVE
ASSISTANCE FOR THE PREVENTION, INVESTIGATION AND REPRESSION
OF CUSTOMS OFFENCES WILL INVOLVE ADDITIONAL EXPENDITURES.

THE BUDGET FOR 1976/77 DOES NOT INCLUDE CHAPTER VIII
WHICH HAS IN THE PAST SERVED AS THE PROVISION FOR UNFORE-
SEEN EXPENSES. THE ELIMINATION OF THIS ITEM FROM THE
BUDGET REMOVES A RESERVE FUND TO COVER UNFORESEEN EXI-
GENCIES WITHOUT THE NEED FOR A SUPPLEMENTARY BUDGET.

THE PRELIMINARY FORECASTS FOR THE YEARS 1977/78 - 1979/80
REMAIN UNCHANGED FROM 1975. NO ADDITIONAL DOCUMENTATION
HAS BEEN RECEIVED CONCERNING THESE FORWARD PLANNING AND
BUDGET FORECASTS.

U.S. POSITION: THE DELEGATION SHOULD BE SATISFIED THAT
THE BUDGETARY INCREASES PROPOSED FOR 1976/77 ARE DUE TO
INFLATIONARY FACTORS OR JUSTIFIED BY INCREASES IN WORK

LOADS. ANY OTHER INCREASES SHOULD BE OPPOSED.

WITH REGARD TO THE PROPOSED APPROPRIATION TO COVER EXPENSES IF THE COUNCIL DECIDES TO HOLD ITS 1977 SESSION IN NAIROBI, THE DELEGATION SHOULD SUPPORT THE PRINCIPLE SET FORTH IN UNITED NATIONS GENERAL ASSEMBLY RESOLUTION 2609 WHICH REQUIRES THAT HOST COUNTRIES PAY THOSE EXPENSES OF HOLDING A MEETING AWAY FROM HEADQUARTERS WHICH EXCEED THE COST OF HOLDING IT AT HEADQUARTERS.

AGENDA ITEM VII: MEMBERS' CONTRIBUTIONS

AGENDA ITEM VII(A): PROPOSAL BY THE U.S. ADMINISTRATION

THE UNITED STATES PROPOSAL TO PROGRESSIVELY REDUCE ITS UNCLASSIFIED

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ASSESSMENT FROM 25 PERCENT TO THE 20 PERCENT LEVEL WAS DISCUSSED AT THE 46TH SESSION OF THE FINANCE COMMITTEE IN FEBRUARY 1976. A MAJORITY OF THE FINANCE COMMITTEE OPPOSED ANY CHANGE IN THE RATES OF ASSESSMENT, SUPPORTING THE "CAPACITY TO PAY" PRINCIPLE WHICH IS THE BASIS OF THE COUNCIL CONTRIBUTION SYSTEM. ONLY AUSTRIA AND AUSTRALIA SUPPORTED THE UNITED STATES POSITION ON THIS MATTER. A FINAL DECISION WAS DEFERRED UNTIL THE 47TH SESSION OF THE COMMITTEE.

U.S. POSITION: UNLESS A SUFFICIENT AMOUNT OF SUPPORT HAS DEVELOPED FOR THE U.S. POSITION, THE DELEGATION SHOULD AGREE TO WITHDRAW THE U.S. PROPOSAL UNTIL OTHER ALTERNATIVES CAN BE EXPLORED TO REPLACE THE CURRENT "CAPACITY TO PAY" PRINCIPLE. THE DELEGATION MAY STATE THAT THE UNITED STATES RESPECTS THE OPINION OF THE MAJORITY ON THIS MATTER BUT WILL CONTINUE TO STUDY THE CONTRIBUTION SYSTEMS OF OTHER INTERNATIONAL ORGANIZATIONS SIMILAR TO THE COUNCIL FOR PRINCIPLES WITH MORE EQUITY THAN THE "CAPACITY TO PAY" PRINCIPLE.

AGENDA ITEM VII(B): RATES OF CONTRIBUTION FOR NEW MEMBERS, 1975/76 SCALE OF CONTRIBUTIONS FOR 1976/77

THIS ITEM WILL CONSIST OF A REPORT BY THE SECRETARY GENERAL ON THE PROJECTED RATE AND AMOUNT OF MEMBER CONTRIBUTIONS FOR THE NEXT FINANCIAL YEAR. THE DETERMINATION OF THE RATES OF CONTRIBUTION IS MADE ON THE "CAPACITY TO PAY" PRINCIPLE WITH A MAXIMUM OF 25 PERCENT AND A MINIMUM RATE OF 0.20 PERCENT. THE THREE NEW MEMBERS OF THE COUNCIL (CONGO, SIERRA LEONE, AND SINGAPORE) WILL BE ASSIGNED A RATE OF CONTRIBUTION OF 0.20 PERCENT.

U.S. POSITION: THE DELEGATION MAY ACCEPT THE FIXED RATES FOR THE NEW MEMBERS AND THE SCALE FOR CONTRIBUTIONS FOR

1976/77 AS FIXED BY THE SECRETARY GENERAL. HOWEVER, THE DELEGATION SHOULD MAKE KNOWN THE CONTINUED OPPOSITION OF THE UNITED STATES TO THE "CAPACITY TO PAY" PRINCIPLE AND REEMPHASIZE THAT ALTERNATIVE SYSTEMS OF CONTRIBUTIONS SHOULD BE CONSIDERED.

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AGENDA ITEM VII: OTHER BUSINESS

AGENDA ITEM VII(A): DATE OF THE NEXT SESSION

U.S. POSITION: THE 48TH SESSION OF THE FINANCE COMMITTEE IS TENTATIVELY SCHEDULED FOR APRIL 4-8, 1977. HOWEVER, IN VIEW OF THE COMPLEXITIES OF THE COUNCIL'S FINANCES AND THE IMPORTANCE OF RESOLVING RELATED PROBLEMS EXPEDITIOUSLY, THE DELEGATION MAY AGREE TO MORE THAN ONE DATE.

AGENDA ITEM VII(B): OTHER BUSINESS

U.S. POSITION: NO DOCUMENTATION HAS BEEN RECEIVED ON THIS ITEM. THE DELEGATION SHOULD BRING IT TO THE ATTENTION OF THE COMMITTEE THAT THE CURRENT COUNCIL ADDRESS LIST FOR THE HEADS OF THE RESPECTIVE NATIONAL MEMBERS IS INADEQUATE. SOME OF THE ADDRESSES ARE LISTED IN ENGLISH AND OTHERS IN FRENCH. THE DELEGATION SHOULD RECOMMEND THAT TWO ACCURATE LISTS BE PREPARED IN THE TWO OFFICIAL LANGUAGES OF THE COUNCIL. THE LISTS SHOULD BE IN ALPHABETICAL ORDER ACCORDING TO THE RESPECTIVE LANGUAGE.

IN ANY OTHER DISCUSSIONS WHICH TAKE PLACE UNDER THIS AGENDA ITEM, THE DELEGATION SHALL BE GUIDED BY ITS OWN JUDGMENT AND EXPERTISE. KISSINGER

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